

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of)	
)	
2000 Biennial Review-Review of Policies and)	
Rules Concerning Unauthorized Changes of)	CC Docket No. 00-257
Consumers' Long Distance Carriers)	
)	
Implementation of the Subscriber Carrier)	
Selection Changes Provisions of the)	CC Docket No. 94-129
Telecommunications Act of 1996)	
)	
Verizon New England)	
)	
Petition for Waiver)	

ORDER

Adopted: November 26, 2002

Released: November 27, 2002

By the Deputy Chief, Consumer & Governmental Affairs Bureau:

I. INTRODUCTION AND BACKGROUND

1. In its *Streamlining Order*, the Commission instituted streamlined procedures for compliance with the authorization and verification requirements of our rules and of section 258 of the Communications Act of 1934, as amended by the Telecommunications Act of 1996, in situations involving the carrier-to-carrier sale or transfer of subscriber bases.¹ In this *Order*, we find it is in the public interest to grant Verizon New England (Verizon) a limited waiver of these rules. We grant this waiver to the extent necessary to enable Verizon, without complying precisely with the Commission's streamlined procedures, to become the presubscribed provider of local service to customers of a competitive local exchange carrier (CLEC) currently in liquidation and ceasing operations.

2. In 1998, the Commission adopted rules to implement section 258 of the 1996 Act, which expanded the Commission's existing authority to deter and punish "slamming," the submission or execution of an unauthorized change in a subscriber's selection of a provider of telecommunications

¹ See *2000 Biennial Review-Review of Policies and Rules Concerning Unauthorized Changes of Consumers' Long Distance Carriers; Implementation of the Subscriber Carrier Selection Changes Provisions of the Telecommunications Act of 1996*, First Report and Order in CC Docket No. 00-257 and Fourth Report and Order in CC Docket No. 94-129, ("Streamlining Order"), 16 FCC Rcd 11218 (2001), adopting 47 C.F.R. § 64.1120(e). See also 47 U.S.C. § 258(a); Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996).

service.² Pursuant to section 258 and the Commission's rules, carriers are barred from changing a customer's preferred carrier without first complying with the Commission's procedures.³

3. According to the streamlined procedures adopted by the Commission, carriers need not obtain individual subscriber authorization and verification for carrier changes associated with the carrier-to-carrier sale or transfer of a subscriber base, provided that, not later than 30 days before the planned carrier change, the acquiring carrier notifies the Commission, in writing, of its intention to acquire the subscriber base and certifies that it will comply with the required procedures, including the provision of 30-day advance written notice to all affected subscribers.⁴ These rules are designed to ensure that affected subscribers have adequate information about the carrier change in advance, that they are not financially harmed by the change, and that they will experience a seamless transition of service from their original carrier to the acquiring carrier.⁵ This self-certification process also provides the Commission with information it needs to fulfill its consumer protection obligations.⁶

4. On November 22, 2002, Verizon filed with the Commission an expedited Petition for Waiver (Petition) asking the Commission to waive the 30-day advance notice requirements of sections 64.1120(e)(1) and (e)(3) of the rules to permit the transfer of local customers from Log On America, a CLEC, to Verizon, prior to Log On America's ceasing operations in Rhode Island on November 28, 2002.⁷

II. DISCUSSION

5. Generally, the Commission's rules may be waived for good cause shown.⁸ As noted by the Court of Appeals for the D.C. Circuit, however, agency rules are presumed valid.⁹ The Commission may exercise its discretion to waive a rule where the particular facts make strict compliance inconsistent

² 47 U.S.C. § 258(a); Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996); *Implementation of the Subscriber Carrier Selection Changes Provisions of the Telecommunications Act of 1996; Policies and Rules Concerning Unauthorized Changes of Consumers' Long Distance Carriers*, CC Docket No. 94-129, Second Report and Order and Further Notice of Proposed Rule Making, 14 FCC Rcd 1508 (1998) (*Section 258 Order*), *stayed in part*, *MCI WorldCom v. FCC*, No. 99-1125 (D.C. Cir. May 18, 1999); First Order on Reconsideration, 15 FCC Rcd 8158 (2000); *stay lifted*, *MCI WorldCom v. FCC*, No. 99-1125 (D.C. Cir. June 27, 2000); Third Report and Order and Second Order on Reconsideration, 15 FCC Rcd 15996 (2000), Errata, DA No. 00-2163 (rel. Sept. 25, 2000), Erratum, DA No. 00-2192 (rel. Oct. 4, 2000), Order, FCC 01-67 (rel. Feb. 22, 2001); *reconsideration pending*. Prior to the adoption of Section 258, the Commission had taken various steps to address the slamming problem. *See, e.g., Policies and Rules Concerning Unauthorized Changes of Consumers' Long Distance Carriers*, CC Docket No. 94-129, Report and Order, 10 FCC Rcd 9560 (1995), *stayed in part*, 11 FCC Rcd 856 (1995); *Policies and Rules Concerning Changing Long Distance Carriers*, CC Docket No. 91-64, 7 FCC Rcd 1038 (1992), *reconsideration denied*, 8 FCC Rcd 3215 (1993); Investigation of Access and Divestiture Related Tariffs, CC Docket No. 83-1145, Phase I, 101 F.C.C.2d 911, 101 F.C.C.2d 935, *reconsideration denied*, 102 F.C.C.2d 503 (1985).

³ *Id.*

⁴ 47 C.F.R. § 64.1120(e).

⁵ *See Streamlining Order* ¶ 10, 16 FCC Rcd at 11222.

⁶ *Id.*

⁷ Petition for Waiver filed with the Commission by Verizon New England on November 22, 2002 in CC Docket No. 94-129, and subsequently also filed in CC Docket No. 00-257.

⁸ 47 C.F.R. § 1.3.

⁹ *WAIT Radio v. FCC*, 418 F.2d 1153, 1157 (D.C. Cir. 1969), *cert. denied*, 409 U.S. 1027 (1972).

with the public interest.¹⁰ In addition, the Commission may take into account considerations of hardship, equity, or more effective implementation of overall policy on an individual basis.¹¹ Waiver of the Commission's rules is therefore appropriate only if special circumstances warrant a deviation from the general rule, and such a deviation will serve the public interest.¹² In addition, the Commission specified in the *Streamlining Order* that instances in which it is impossible to comply precisely with the streamlined procedures will be resolved on a case-by-case basis.¹³

6. We find that Verizon has demonstrated that good cause exists to justify a limited waiver of the Commission's requirements to the extent necessary to enable Verizon to transfer to its own customer base the affected Log On America customers. According to the Petition, Log On America provides resold local exchange service to approximately 340 customers in the state of Rhode Island.¹⁴ Verizon states that Log On America is now in liquidation and that Verizon Rhode Island will stop providing underlying carrier service to Log On America on November 28, 2002. According to the Petition, in Rhode Island, Verizon is required to automatically serve customers of a CLEC that goes out of business unless the customer selects another carrier.¹⁵ Verizon states that the Rhode Island Division of Public Utilities (Rhode Island DPU) sent a letter to the customers of Log On America informing them that Log On America will no longer be providing them with service as of November 28, 2002, and urging them to select another carrier. The Rhode Island DPU also advised those customers that, if they do not select another local telephone provider, Verizon will automatically become their new local telephone provider. Verizon states that will know which customers it is obtaining is November 27, 2002.¹⁶

7. Under the Commission's rules, no later than 30 days prior to the transfer, an acquiring carrier must self-certify its compliance with the required procedures to the Commission and must give the affected subscribers notice of, and certain information about, the transfer.¹⁷ Given the special circumstances Verizon has described, compliance with the 30-day advance notice requirement could potentially result in the loss of local service for Log On America customers during the 30-day period. Moreover, the Rhode Island DPU is requiring Verizon New England to automatically serve the customers of Log On America, a bankrupt carrier that will no longer be providing service as of November 28, 2002. As noted above, the streamlined procedures were designed to permit affected subscribers to experience a "seamless transition of service from the original carrier to the acquiring carrier."¹⁸ We find that, in the special circumstances of this case, waiver of the 30-day notice requirement would better serve this goal and would therefore serve the public interest.

8. We note that Log On America subscribers have already received some notification of the planned transfer via the letter sent by the Rhode Island DPU. These letters were not, however, provided 30 days in advance of the planned transfer as is required by our rules, and did not contain all of the

¹⁰ *Northeast Cellular Telephone Co. v. FCC*, 897 F.2d 1164, 1166 (D.C. Cir. 1990).

¹¹ *WAIT Radio*, 418 F.2d at 1157.

¹² *WAIT Radio*, 418 F.2d at 1159; *Northeast Cellular*, 897 F.2d at 1166.

¹³ *Streamlining Order* ¶ 20, 16 FCC Rcd at 11226.

¹⁴ Petition at 1.

¹⁵ *Id.*

¹⁶ *Id.* at 2.

¹⁷ 47 C.F.R. §§ 64.1120(e)(1) &(e)(3).

¹⁸ *Streamlining Order* at ¶ 10, 16 FCC Rcd at 11222.

information required by our rules. Thus, we will require Verizon, when it learns (on or about November 27, 2002) the names of the subscribers it is required to serve, to promptly send each customer a notice that complies with the Commission's rules.¹⁹ In the special circumstances presented in this case, we find it unlikely that the affected subscribers will suffer harm from receiving less than 30 days notice of the transfer and, in any event, we conclude that any such harms would be outweighed by the benefits of a seamless transfer of service.

9. For the foregoing reasons, we grant Verizon a waiver of the 30-day advance notification requirements of 47 C.F.R. §§ 64.1120(e)(1) and (e)(3) for the limited purposes described above. The grant of this waiver is conditioned upon Verizon's provision of customer notification and certification to the Commission that complies with all requirements of section 64.1120(e) except the 30-day periods waived herein. The certification to the Commission should be filed in CC Docket No. 00-257, should indicate that Verizon has complied with the terms of this waiver, and should include a copy of the notice it sent to the affected subscribers.

III. ORDERING CLAUSES

10. Accordingly, pursuant to authority contained in Sections 1, 4, and 258 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154, 258, and the authority delegated under sections 0.141, 0.361, and 1.3 of the Commission's rules, 47 C.F.R. §§ 0.141, 0.361, 1.3, the waiver request filed by Verizon New England, on November 22, 2002, IS GRANTED to the extent indicated herein.

11. IT IS FURTHER ORDERED that this *Order* is effective upon release.

FEDERAL COMMUNICATIONS COMMISSION

Margaret M. Egler, Deputy Chief
Consumer & Governmental Affairs Bureau

¹⁹ Petition at 2.